



# ALIMENTATION COUCHE-TARD INC. CORPORATE GOVERNANCE GUIDELINES

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# ALIMENTATION COUCHE-TARD INC. CORPORATE GOVERNANCE GUIDELINES

## INTRODUCTION

The following Corporate Governance Guidelines (the "**Guidelines**") have been adopted by the Board of Directors (the "**Board**") of Alimentation Couche-Tard Inc. (collectively referred to herein as "**ACT**", "**Couche-Tard**", "**we**" or the "**Corporation**") to provide a framework for the effective governance of the Corporation. The Corporation strives to best comply with Canadian securities legislations as well as the disclosure and listing requirements of the Toronto Stock Exchange (the "**TSX**"). The Board reviews the Guidelines regularly and modifies them as necessary.

### A. BOARD RESPONSIBILITIES

The Board's responsibilities have been set out in four categories: strategic planning, human resources, finance and internal controls and governance. The Board is responsible for approving the Corporation's strategic plans and priorities, for making sure that the Corporation is effectively managed (appointment of the Chief Executive Officers ("**CEO**") and senior management), for overseeing risk and ensuring the integrity of our internal controls and financial reporting systems as well as how other material information is communicated to analysts and the public, and finally the Board is responsible for the overall governance of the Corporation.

### B. EXPECTATIONS OF DIRECTORS

In performing their duties, members of the Board ("**Directors**") are expected to use their skills and experience to provide oversight to the business of the Corporation. Directors have a duty to act honestly and in good faith with a view to the best interests of the Corporation and to exercise the care, diligence and skills that a reasonably prudent person would in comparable circumstances.

Directors are expected to attend all shareholders' meetings, meetings of the Board and meetings of the committee on which they serve in person. It is acceptable, on an infrequent basis, for Directors to participate in such meetings by conference call if attendance in person is not possible. A Director shall notify the Chair of the Board or of the appropriate committee, and the Corporate Secretary if the Director will not be able to attend or participate in a meeting.

Directors are expected to review and be familiar with Board and committee materials which have been provided in a timely manner.

### C. BOARD ORGANIZATION AND MEMBERSHIP

#### Chair of the Board

The Board has determined to separate the positions of Chair of the Board ("**Chair**") and president and CEO. The Board has approved and shall periodically review a position description for the Chair.

## **Lead Director Concept**

At any time when the Chairman of the Board is not an independent Director, the independent Directors shall select an independent Director to carry out the functions of a Lead Director. This person would chair regular meetings of the independent Directors and assume other responsibilities provided for in a position description approved by the Board and reviewed from time to time.

## **Board Size**

The size of the Board should enable its members to effectively and responsibly discharge their responsibilities to the Corporation. The Board must recognize that the Corporation's demands on its Directors may evolve with the development of the Corporation and that the size of the Board should be considered over time and within the context of the development of the Corporation and the Directors' responsibilities.

Although the maximum number of Directors permitted by the Corporation's articles is twenty (20), the Board has the ability to increase or decrease its size within the limits defined by the articles of the Corporation and in accordance with applicable laws. The Board believes that a size of eight to twenty (8-20) Directors is appropriate.

## **Independence of Directors**

Boards function most effectively when individual Directors are free from conflicts of interest and exercise independent judgment in discharging their responsibilities. In determining whether a Director is "independent" or not, the Board will refer to the applicable legal requirements and the rules of the TSX. The Board shall be made up of a majority of independent Directors.

In order to ensure that the Board functions independently, the Lead Director meets with the independent directors *in camera* at every Board and committee meeting.

## **Board Attendance**

Board and committee meetings are called and held as described in the by-laws. Each Director must have a combined attendance rate of 75% or more at Board and Committee meetings to stand for re-election unless exceptional circumstances arise such as illness, death in the family or other like circumstances, failing which such Director must tender a written offer to resign.

A Director may participate in a meeting of the Board or of a committee by means of telephone or other communication facilities, and a Director participating in such a meeting by such means is deemed to be present at the meeting.

## **Other Directorships**

The Corporation values the experience and perspective that Directors bring from their service on other boards, but also recognizes that other board memberships and activities may also limit a Director's time and availability and may present conflicts of interest or legal issues, including independence issues. As a general rule, Directors should limit their service as directors on publicly-held company and investment company boards to no more than five (including the Corporation's Board). Service on the boards of subsidiary companies with no publicly traded stock is not included in this calculation. Without specific approval from the Board, the Corporation's CEO may serve on no more than two public company boards (including the Corporation's Board). Furthermore, no Director shall serve

as a Director, officer or employee of the Corporation's competitor. A Director wishing to join any other board of directors, whether a private or public corporation, must first request permission of the Chair of the Board so that the appropriate review can be undertaken to ensure that there is no potential conflict or any other legal or business concerns. Should it be the Chair of the Board who wishes to join any other board of directors, then such request shall be first made with the Chair of the Human Resources and Corporate Governance Committee.

### **Interlocking Directorships**

To maintain Director independence and to avoid potential conflicts of interest, the Board reviews the number of board interlocks among its Directors. Unless otherwise determined by the Board, no more than two directors may serve together on the board of another public company, and directors may not serve together on the boards of more than two other public companies.

### **Primary Employment Status Change**

A Director who makes a major change in his or her principal occupation shall inform the Board for consideration if its directorship is still appropriate. It is not intended that the Directors who retire or whose professional positions change should necessarily leave the Board; rather, the Board believes it is appropriate in such circumstances to conduct a review, with the assistance of the Human Resources and Corporate Governance Committee, of the continued appropriateness of Board membership under such circumstances.

### **Conflict of Interest**

In accordance with applicable law, each Director is required to disclose to the Board any potential conflict of interest he or she may have in a matter before the Board or a committee thereof at the beginning of the Board or committee meeting. A Director who is in a potential conflict of interest must not attend any part of the meeting during which the matter is discussed or participate in a vote on such matter.

### **Term Limits and Retirement for Directors**

There is no retirement age, and there are no term limits for serving as a Director. The Board continues to believe that the annual assessment process is an efficient and transparent way to evaluate Directors. The annual Director assessment provides strong motivation for Directors to make sure they are adding value and making a significant contribution to the Board and the Corporation.

### **Majority Voting for Directors**

The Board has adopted a *Majority Voting Policy* to the effect that if the number of proxy votes withheld for a particular Director nominee is greater than the votes in favor of such nominee, such Director nominee shall be required to promptly submit his/her resignation to the Chairman of the Board following the applicable Shareholders' meeting, effective upon acceptance by the Board. The Human Resources and Corporate Governance Committee will consider whether or not they accept the resignation and will make recommendation to the Board. The affected Director will not be part of these discussions. The Board will announce its decision in a press release within 90 days of the annual meeting. If it decides not to accept the resignation, it will explain why in the press release.

The Majority Voting Policy does not apply to the election of Directors at any “contested meeting”. A “contested meeting” is a meeting at which the number of Directors nominated for election is greater than the number of seats available on the Board.

### **Criteria for Board Membership and in Executive Officer Nominations**

The Human Resources and Corporate Governance Committee reviews the size of the Board and the mix of skills of the existing Directors every year, and when it is considering new Director candidates for the Board. Its goal is to build a diverse group of Directors who collectively have the relevant skills, experience and qualities necessary to support our strategic direction, meet the challenges the corporation faces and serve the long-term interests of our shareholders.

In support of this goal, the Human Resources and Corporate Governance Committee will, when identifying candidates to nominate for election to the Board or in its review of executive officer succession planning and talent management:

- (a) consider individuals who are highly qualified, based on their talents, experience, functional expertise and personal skills, character and qualities having regards to the Corporation’s current and future plans and objectives, as well as anticipated regulatory and market developments;
- (b) consider criteria that promotes gender balance and diversity, including with regards to gender, ethnicity, age, geographical location, and other dimensions;
- (c) consider the level of representation of women on the Board and in executive officer positions along with markers of diversity when making recommendations for nominees to the Board or for appointment as executive officers and in general with regard to succession planning for the Board and executive officers; and
- (d) as required, engage qualified independent external advisors to assist the Board in conducting its search for candidates that meet the Board’s criteria regarding skills, gender balance, experience and diversity.

To assist in this process, the Human Resources and Corporate Governance Committee shall be mandated to consider as part of its policies and procedures:

- (a) the periodic evaluation and assessment of individual Directors as well as Board committees and the Board as a whole to identify strengths and areas for improvement;
- (b) in consultation with the Board, the development and maintenance of a skills matrix that identifies the skills and expertise required for the Board along with potential areas for growth and improvement; and
- (c) measures designed to ensure that the nominee recruitment and identification process are appropriate in terms of depth and scope to foster identification and progression of diverse candidates.

### **Diversity**

The Corporation recognizes and embraces the benefits of having a diverse Board and executive team and sees this as a competitive advantage. Furthermore, the Corporation recognizes that diversity is essential to the Corporation being able to better understand and serve its very diverse customer base. As set forth in the Corporation’s *Policy Regarding Diversity on the Board of Directors and in Executive Officer Positions* (the “**Diversity Policy**”) the Human Resources and Corporate Governance Committee will consider diversity, including differences in age, disability, gender, sexual orientation, marital or civil partnership status, race including ethnic origin nationality or color, religious, political or other beliefs and

regional and geographic backgrounds, when reviewing qualified candidates for recommendation for election to the Board and for executive officer positions.

In alignment with its commitment to diversity as set forth in this Policy, the Corporation undertakes to maintain a Board composition in which women represent at least 30% of its members, and to consider candidates who self-identify as part of a diverse group (beyond mere gender diversity) in all of its ongoing and future Board recruiting activities.

### **Orientation and Continuing Education**

New Directors shall participate in a Director orientation program to familiarize such Directors with, among other things, the Corporation's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, the Corporation's Code of Conduct, these Guidelines, and the Corporation's other policies and guidelines. Directors shall be introduced to senior management and the Corporation's outside advisors, as appropriate. Each Director is expected to participate in continuing educational programs in order to maintain the necessary level of expertise to perform his or her responsibilities as a Director.

### **Annual Board Performance Assessment**

The Human Resources and Corporate Governance Committee, in collaboration with the Lead Director, is mandated to ensure a periodic assessment of the effectiveness and contributions of the committee and Board members. This assessment is completed annually, alternating between a written questionnaire and one-on-one interviews with each Director. The objective of the assessments is to ensure the continued effectiveness of the Board in the execution of its responsibilities and to contribute to a process of continuing improvement. This assessment is discussed with the full Board on an annual basis and specifically reviews areas in which the Board believes that a better contribution could be made.

In addition, the Board has adopted a process for assessing the Lead Director pursuant to which, the Executive Chairman contacts each individual Director to review and assess the Lead Director's performance.

### **Board Compensation**

The Board believes that the Directors should be compensated in a form and amount which is appropriate, and which is customary for comparable companies, having regard for such matters as time commitment, responsibility and trends in Director compensation. Such compensation is determined by the Board based on the reviews and recommendations of its Human Resources and Corporate Governance Committee, which reviews annually both the amount and components of the Directors' compensation package. In accordance with its mandate, the Human Resources and Corporate Governance Committee may retain an external advisor as it deems necessary to assist it in its review and determination of appropriate Directors' compensation. Directors' total compensation is targeted to approximate the 50th percentile total compensation of the Corporation's comparator group and is only comprised of annual retainer fees (no meeting fees).

The Board has determined that ownership of the Corporation's common shares or equity-based awards such as Deferred Share Units ("**DSUs**") by Directors is desirable and aligns the interests of Directors with those of the Corporation's shareholders. As such, a portion of the Directors' annual compensation is equity-based.



## **Minimum Equity Ownership Requirement for Directors**

The Board believes that the economic interests of Directors should be aligned with those of the Corporation's shareholders. To achieve this, all non-executive Directors are required to establish, over a period of five years from appointment, ownership of an amount of shares and/or DSUs which is equivalent to four times the annual Board retainer, and subsequently maintain such minimum ownership position for the duration of their respective tenure as a Director.

In line with this goal, a proportion of the annual Board retainer fee is paid in the form of DSUs. Board members are also credited with additional deferred share units whenever cash dividends are paid on shares of the Corporation.

## **Anti-Hedging Policy**

The Board believes that it is inappropriate for Directors and executive officers to hedge or monetize transactions to lock in the value of holdings in the securities of the Corporation (be it shares, DSUs or other forms of securities granted by the Corporation to Directors or executive officers). Such transactions, while allowing the holder to own the Corporation's securities without the full risks and rewards of ownership, potentially separate the holder's interests from those of other stakeholders and, particularly from the Corporation's shareholders.

Consequently, no Director or executive officer may, at any time, purchase financial instruments, including prepaid variable forward contracts, instruments for the short sale or purchase or sale of call or put options, equity swaps, collars, or units of exchangeable funds that are based on fluctuations of the Corporation's securities and that are designed to or that may reasonably be expected to have the effect of hedging or offsetting a decrease in the market value of any securities of the Corporation.

## **D. BOARD AND COMMITTEE MEETINGS AND MATERIALS**

### **Committee of the Board**

To assist in exercising its responsibilities, the Board has established two standing committees: the Audit Committee and the Human Resources and Corporate Governance Committee.

Each committee has a mandate that sets out its responsibilities, qualifications for membership, structure and operations. All members of the Board's committees must qualify as independent Directors. In addition, each member of the Audit Committee must be financially literate. The Board shall periodically review and approve the meaning of "financially literate".

After receipt of recommendations from the Human Resources and Corporate Governance Committee, the Board shall appoint the members and the Chair of each committee annually, and as necessary to fill vacancies. The Chair of each committee reports regularly to the Board on the business of the committee and makes recommendations to the Board as necessary or appropriate. Each committee reviews and assesses the adequacy of its mandate on an annual basis and recommends changes for approval by the Board.

Notwithstanding the delegation of responsibilities to a committee, the Board is ultimately responsible for matters assigned to a committee.

## **Committee Meetings, Agendas and Materials**

The Lead Director, in collaboration with the Executive Chairman and the Corporate Secretary, shall develop the agenda for each Board and Committee meeting.

A quorum for meetings is a majority of Directors. The Corporate Secretary sets the schedule of the Board and committee meetings to be held in any given calendar year, a year or more in advance.

Meeting materials shall be provided to Directors before each Board and committee meeting in a timely manner to give the Directors the opportunity to review the documentation and ensure meetings run smoothly.

## **Non-Directors at Board and Committee Meetings**

Non-Directors such as the Corporation's Chief Financial Officer, Chief Legal Officer, and other members of senior management with information and responsibilities that impact upon Board or committee deliberations may be invited to regularly attend Board or committee meetings. The CEO will bring, from time to time, members of senior management to Board meetings who (i) can provide additional insight into items being discussed, or (ii) are managers with future potential that the CEO believes should be given exposure to the Board.

## ***In Camera* Sessions of Independent Directors**

To maintain independence from management, the independent Board members meet at each quarterly and special Board meeting, without the presence of management and under the chairmanship of the Lead Director. Similarly, each committee of the Board holds separate sessions without management present under the chairmanship of its committee Chair at each quarterly and special committee meeting.

## **E. MANAGEMENT RESPONSIBILITIES**

### **Board Relationship with Management**

Members of the Board have full access to the management of the Corporation. In addition, the Board encourages management to address the Board in those instances where a manager's expertise and assistance can enhance the Board's understanding of a particular issue under its consideration. Management shall make appropriate use of the Board's skills before decisions are made on key issues. The Human Resources and Corporate Governance Committee shall review and assess the quality of the relationship between management and the Board and may recommend changes as deemed necessary or desirable.

### **Management Share Ownership Requirements**

The Board believes that the economic interests of senior management should be aligned with those of the Corporation's shareholders. Pursuant to the Corporation's *Shareholding Guidelines*, ownership requirements vary by management position and the executives must meet their ownership requirement within five (5) years of assuming their position. Ownership requirement for the Executive Chairman is to hold ten (10) times his base salary and the CEO is expected to hold five (5) times his base salary. The named executives can count Class A and Class B shares and DSUs they hold, directly and indirectly, towards meeting the requirement but cannot include PSUs.

## **Management of Succession Planning**

The Board, directly and through its Human Resources and Corporate Governance Committee, is responsible for overseeing the existence of appropriate mechanisms regarding succession planning for the CEO and other senior management positions. To limit the risk that the Corporation's operations suffer from a talent gap, succession planning is reviewed annually to facilitate talent renewal and smooth leadership transitions for key strategic roles and to identify areas of improvement. The Corporation has a succession plan for the CEO and other key members of senior management, including potential talent to act as emergency replacement.

### **F. ETHICS AND CONFLICTS OF INTEREST**

ACT is committed to the highest standards of ethical business conduct. The Board has adopted the Code of Conduct (the "**Code**"), which is applicable to all the Corporation's directors, officers and employees. The Code has been developed to serve both as a framework in guiding the Corporation's operations and business practices throughout the world, and as a guide to help employees make decisions that are consistent with the Corporation's core values and principles.

The Code addresses several matters, including conflicts of interest, integrity of corporate records, confidentiality of corporate information, protection and use of corporate assets and opportunities, employee relations, protection of human rights, health and safety, anti-corruption laws, insider trading, compliance with laws and reporting of unethical or illegal behavior. The Human Resources and Corporate Governance Committee is responsible for monitoring compliance with the Code. The Code is distributed to and signed by each of the Corporation's employees when they are hired. In addition, the Corporation conducts an annual certification process to monitor compliance with the Code.

### **G. SUSTAINABILITY – ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)**

The Board recognizes that environmental, societal and governance (ESG) matters have become a key responsibility for prudent boards and require not only the Board's ongoing attention but also an active role in its fiduciary oversight of such matters. This recognition and commitment is reflected in the continued enhancement of the Corporation's sustainability strategy, including a more robust communication transparency be it through the annual Sustainability Report available on the Corporation's website, or new expanded disclosure initiatives along well-recognized standard frameworks.

### **H. VIRTUAL-ONLY SHAREHOLDER MEETINGS**

The Board recognizes that virtual-only meetings have the potential to curb the ability of the Corporation's shareholders to meaningfully communicate with the Corporation's directors and management, and consequently the Corporation is committed to mitigate such risks by adopting the following policies and practices:

- (a) clearly disclose to shareholders that a meeting will not be held in person;
- (b) provide shareholders with advanced notice and detailed instructions on how to participate in the virtual-only meeting;
- (c) provide shareholders with a method of seeking support (prior and during the virtual-only meeting) if they are having difficulty accessing the virtual-only meeting;
- (d) provide shareholders with clear instructions (prior and during the virtual-only meeting)

- on the manner and on the timeline for submitting questions normally discussed at the annual meeting through the technological platform used; and
- (e) transparently disclose and answer all questions normally discussed at the annual meeting that have been received through the technological platform.

#### **I. AMENDMENT**

These Guidelines will be reviewed periodically by the Board and may be amended from time to time.